



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/600,903	06/19/2003	Ka Shun Kevin Fung	2701P	9217

7590 01/04/2008
SAWYER LAW GROUP LLP
P.O. Box 51418
Palo Alto, CA 94303

EXAMINER

WONG, ERIC TAK WAI

ART UNIT	PAPER NUMBER
----------	--------------

4172

MAIL DATE	DELIVERY MODE
-----------	---------------

01/04/2008

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/600,903	Applicant(s) FUNG, KA SHUN KEVIN	
	Examiner ERIC WONG	Art Unit 4172	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 19 June 2003.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-46 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-46 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 19 June 2003 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>6/25/2004, 6/19/2003</u> . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. Claims 1-46 are pending. The following is a non-final first Office action on the merits of claims 1-46.

Claim Objections

2. Claim 4 objected to because of the following informalities: "Conduction" should be "conducting". Appropriate correction is required.

Claim Rejections - 35 USC § 112

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

3. Claims 2 and 31 rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. The claims recite "the settlement value is determined based upon the initial settlement value and an interest rate effect, if necessary." It is unclear as to what would necessitate the interest rate effect.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Claims 43-46 rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claims are drawn to a "special purpose vehicle (SPV)", which does not fall into a statutory class of invention.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

Art Unit: 4172

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

5. Claims 1,3, 5, 6-9, 12, 14-19, 22, 23, 25-27, 30, 32, 33, 35, 36, 40--46 rejected under 35 U.S.C. 102(b) as being anticipated by Laborde (US Patent No. 4,588,192).

Regarding claim 1:

Laborde teaches:

- determining whether a matching trade in a second system of the plurality of systems is possible, a rate differential existing between the first system and the second system, the rate differential resulting in a hedging cost between the first system and the second system for the contract, a complete set including the plurality of contracts, each of the plurality of contracts maturing upon at least one particular event occurring, the complete set guaranteeing at least an initial settlement of at least one particular time, the complete set corresponding to a settlement value, the settlement value being based upon the initial settlement value, a winning contract of the plurality of contracts paying a notional upon maturing (see Column 13 line 40 – Column 14 line 6);
- determining whether conducting a portion of the trade and a portion of the matching trade is profitable (see Column 13 line 40 – Column 14 line 6); and
- performing the portion of the trade and the portion of the matching trade if conducting the portion of the trade and the portion of the matching trade is profitable (see Column 13 line 40 – Column 14 line 6).

Regarding claim 3:

Laborde teaches wherein the profitability determining step further includes the step of determining whether a profit from conducting the portion of the trade and a portion of the

Art Unit: 4172

matching trade is greater than or equal to the hedging cost (see Column 13 line 40 – Column 14 line 6).

Regarding claim 5:

Laborde teaches wherein the profitability determining step further includes the steps of determining the portion of the matching trade based upon the rate differential and the quantity, the portion of the matching trade corresponding to a second quantity (see Column 13 line 40 – Column 14 line 6).

Regarding claim 6:

Laborde teaches performing the trade for a first quantity and the matching trade for the second quantity (see Column 13 line 40 – Column 14 line 6).

Regarding claim 7:

Laborde teaches wherein the first quantity is equal to the quantity offered for trade (see Column 13 line 40 – Column 14 line 6).

Regarding claim 8:

Laborde teaches wherein the trade performing step further includes the steps of accumulating the second quantity in the second system such that the second quantity corresponds to the first quantity (see Column 13 line 40 – Column 14 line 6).

Regarding claim 9:

Laborde teaches wherein the trade is a bid to buy a quantity of the contract and the matching trade is an offer to sell the contract (see Column 13 line 40 – Column 14 line 6).

Regarding claim 12:

Laborde teaches wherein the third system is the same the second system (see Column 13 line 40 – Column 14 line 6).

Regarding claim 14:

Art Unit: 4172

Laborde teaches determining whether a second matching trade for at least one of the portion of the plurality of contracts is possible; and performing at least a portion of the second trade and at least a portion of the matching trade if the at least the second trade and the at least the matching trade are profitable, thereby sharing the hedging cost (see Column 13 line 40 – Column 14 line 6).

Regarding claim 15:

Laborde teaches wherein the notional is equal to the settlement value and wherein the hedging cost is determined based upon the settlement value (see Column 13 line 40 – Column 14 line 6).

Regarding claim 16:

Laborde teaches wherein the portion of the plurality of contracts and the contract constitute at least one of the complete set of contracts (see Column 13 line 40 – Column 14 line 6).

Regarding claim 17:

Laborde teaches wherein the notional is equal to the settlement value and wherein the hedging cost is determined based upon the settlement value (see Column 13 line 40 – Column 14 line 6).

Regarding claim 18:

Laborde teaches wherein the profitability determining step further includes the step of: determining a profit and the hedging cost for a plurality of values of the rate differential (see Column 13 line 40 – Column 14 line 6).

Regarding claim 19:

Laborde teaches performing the portion of the trade and the portion of the matching trade at a preferred value of the plurality of values of the rate differential if the profit is greater than or equal to the hedging cost (see Column 13 line 40 – Column 14 line 6).

Regarding claim 22:

Laborde teaches determining whether the hedging cost plus the settlement value is less than or equal to a selling revenue obtained from selling the contract and a remaining portion of the plurality of contracts corresponding to at least one bid, if any; obtaining the complete set for the settlement value; and selling the contract and the remaining portion of the plurality of contracts, if any, if the selling revenue is greater than or equal to the hedging cost plus the settlement value (see Column 13 line 40 – Column 14 line 6).

Regarding claim 23:

Laborde teaches determining whether the hedging cost plus the particular price plus a cost of a remaining portion of the plurality of contracts is less than or equal to the settlement value; assembling the complete set by buying the contract and the remaining portion of the plurality of contracts, if required, if the hedging cost plus the particular price plus the cost is less than or equal to the settlement value; and redeeming the complete set for the settlement value (see Column 13 line 40 – Column 14 line 6).

Regarding claim 25:

Laborde teaches wherein the profitability determining step further includes the steps of: determining an available income for at least one hedging instrument having at least one hedging cost; and selecting the portion of the matching trade and a portion of the at least one hedging instrument if a portion of the at least one hedging cost is less than or equal to the available income (see Column 13 line 40 – Column 14 line 6).

Regarding claim 26:

Laborde teaches wherein the profitability determining step further includes the steps of: determining a plurality of deltas corresponding to a plurality of hedging instruments; selecting a portion of the plurality of deltas close or equal to a cost of a portion of the

Art Unit: 4172

plurality of contracts; and performing at least one corresponding trade and obtaining the portion of the plurality of hedging instruments (see Column 13 line 40 – Column 14 line 6).

Regarding claim 27:

Laborde teaches wherein the profitability determining step further includes the steps of:

selecting at least one hedging instrument corresponding to the matching trade;
expanding possible matching trades for the at least one hedging instrument; and
selecting the final trade based upon the at least one hedging instrument and the possible matching trades (see Column 13 line 40 – Column 14 line 6).

Regarding claim 30:

Laborde teaches:

- determining whether it is profitable to individually sell the contract and a portion of the plurality of contracts, the portion of the plurality of contracts corresponding to at least one bid, if any, the at least one bid being in at least a second system, at least one rate differential existing between the first system and the at least the second system, the rate differential resulting in the at least one hedging cost between the first system and the at least the second system, a complete set including the plurality of contracts, the complete set guaranteeing at least an initial settlement value at at least one particular time, the complete set also corresponding to a settlement value, the settlement value being based upon the initial settlement value (see Column 13 line 40 – Column 14 line 6);
- obtaining the complete set of contracts, if individually selling the contract and the portion of the plurality of contracts is profitable (see Column 13 line 40 – Column 14 line 6); and

Art Unit: 4172

- individually selling the contract and the portion of the plurality of contracts, if individually selling the contract and the portion of the plurality of contracts is profitable (see Column 13 line 40 – Column 14 line 6).

Regarding claim 32:

Laborde teaches determining whether at least one hedging cost plus the settlement value is less than or equal to a selling profit obtained from selling the contract and the portion of the plurality of contracts (see Column 13 line 40 – Column 14 line 6).

Regarding claim 33:

Laborde teaches:

determining whether individually buying the contract at the particular price and a remaining portion of the plurality of contracts is profitable, the at least one bid being in at least a second system, at least one rate differential existing between the first system and the at least the second system, the rate differential resulting in the at least one hedging cost between the first system and the at least the second system, a complete set including the plurality of contracts, the complete set guaranteeing at least an initial settlement value at at least one particular time, the complete set also corresponding to a settlement value, the settlement value being based upon the initial settlement value, a winning contract of the plurality of contracts paying a notional upon maturing (see Column 13 line 40 – Column 14 line 6);

assembling the complete set by buying the contract and the remaining portion of the plurality of contracts, if required, if individually buying the contract and the remaining portion of the plurality of contracts and exchanging the complete set is profitable; and exchanging the complete set for the settlement value, if profitable (see Column 13 line 40 – Column 14 line 6).

Art Unit: 4172

Regarding claim 35:

Laborde teaches determining whether at least one hedging cost plus the particular price plus cost of the remaining portion of the plurality of contracts is greater than or equal to the settlement value (see Column 13 line 40 – Column 14 line 6).

Regarding claim 36:

The claim is drawn to a computer-readable medium containing a program for performing the method of claim 1. Therefore the claim is rejected for the same reasons as noted above (see rejection of claim 1).

Regarding claim 40:

The claim is drawn to a computer-readable medium containing a program for performing the method of claim 30. Therefore the claim is rejected for the same reasons as noted above (see rejection of claim 30).

Regarding claim 41:

The claim is drawn to a computer-readable medium containing a program for performing the method of claim 33. Therefore the claim is rejected for the same reasons as noted above (see rejection of claim 33).

Regarding claim 42:

The claim is drawn to a computer-readable medium containing a program for performing the method of claim 35. Therefore the claim is rejected for the same reasons as noted above (see rejection of claim 35).

Regarding claim 43:

means for determining whether a matching trade for the contract in a second system of the plurality of systems is possible, a rate differential existing between the first system and the second system, the rate differential resulting in a hedging cost between the first system

Art Unit: 4172

and the second system for the contract, a complete set including the plurality of contracts, the complete set guaranteeing at least an initial settlement value at at least one particular time, the complete set also corresponding to a settlement value, the settlement value being based upon the initial settlement value, a winning contract of the plurality of contracts paying a notional upon maturing (see Column 13 line 40 – Column 14 line 6); means, coupled with the matching trade determining means, for determining whether conducting a portion of the trade and a portion of the matching trade is profitable; and means, coupled with the profit determining means, for performing the portion of the trade and the portion of the matching trade, if the profitable (see Column 13 line 40 – Column 14 line 6).

Regarding claim 44:

wherein the profitability determining means further determine whether a profit from conducting a portion of the trade and a portion of the matching trade is greater than or equal to the hedging cost (see Column 13 line 40 – Column 14 line 6).

Regarding claim 45:

means for determining whether it is profitable to individually sell the contract and a portion of the plurality of contracts, the portion of the plurality of contracts corresponding to at least one bid, if any, the at least one bid being in at least a second system, at least one rate differential existing between the first system and the at least the second system, the rate differential resulting in the at least one hedging cost between the first system and the at least the second system, a complete set including the plurality of contracts, the complete set guaranteeing at least an initial settlement value at at least one particular time, the complete set also corresponding to a settlement value, the settlement value being based upon the initial settlement value and an interest rate effect, if any, a winning contract of the plurality of contracts paying a notional upon

Art Unit: 4172

maturing (see Column 13 line 40 – Column 14 line 6);

means for obtaining the complete set of contracts, if it is profitable to individually sell the contract and the portion of the plurality of contracts (see Column 13 line 40 – Column 14 line 6); and means for individually selling the contract and the portion of the plurality of contracts, if it is profitable to individually sell the contract and the portion of the plurality of contracts (see Column 13 line 40 – Column 14 line 6).

Regarding claim 46:

means for determining whether individually buying the contract at the particular price and a remaining portion of the plurality of contracts is profitable, the at least one bid being in at least a second system, at least one rate differential existing between the first system and the at least the second system, the rate differential resulting in the at least one hedging cost between the first system and the at least the second system, a complete set including the plurality of contracts, the complete set guaranteeing at least an initial settlement value at at least one particular time, the complete set also corresponding to a settlement value, the settlement value being based upon the initial settlement value and an interest rate effect, if any, a winning contract of the plurality of contracts paying a notional upon maturing (see Column 13 line 40 – Column 14 line 6);

means for assembling the complete set by individually buying the contract and the remaining portion of the plurality of contracts, if required, if it is profitable to individually buy the contract and the remaining portion of the plurality of contracts (see Column 13 line 40 – Column 14 line 6); and

means for exchanging the complete set for the settlement value, if it is profitable to individually buy the contract and the remaining portion of the plurality of contracts and exchange the

Art Unit: 4172

contract and the remaining portion if the plurality of contracts for the settlement value (see Column 13 line 40 – Column 14 line 6).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. Claims 2, 31, 34, 37 rejected under 35 U.S.C. 103(a) as being unpatentable over Laborde in view of Romano ("Rules on Security Deposits", NY Times, April 20, 1997).

Regarding claims 2, 31, 34:

Laborde does not teach the settlement value is determined based upon the initial settlement value and an interest rate effect, if necessary. Romano teaches repaying a deposit with interest if necessary. It would have been obvious to one of ordinary skill in the art at the time of invention to have modified the invention above with said feature(s). One skilled in the art would have been motivated to make the modification for the benefit of compensating financial costs of the deposit.

Regarding claim 37:

The claim is drawn to a computer-readable medium containing a program for performing the method of claim 2. Therefore the claim is rejected for the same reasons as noted above (see rejection of claim 2).

6. Claims 4, 11, 13, 21, 24, 39 rejected under 35 U.S.C. 103(a) as being unpatentable over Laborde in view of Official Notice.

Regarding claim 4:

Art Unit: 4172

Laborde teaches wherein the profitability determining step further includes the step of determining whether a profit from conducting the portion of the trade and a portion of the matching trade is greater than or equal to the hedging cost (see Column 13 line 40 – Column 14 line 6). Official Notice is taken that it would have been obvious to one of ordinary skill in the art at the time of invention to have modified the invention to include determining whether a profit from conducting the portion of the trade and the portion of the matching trade is at least an amount, the amount being less than the hedging cost by a particular amount. One skilled in the art would have been motivated to make the modification for the benefit of maximizing profit and loss.

Regarding claim 11:

Laborde teaches if the matching trade is possible but no corresponding offer and/or bid exists, providing a conditional order to trade the conditional order to trade having a condition, the condition being the trade taking place (see Column 13 line 40 – Column 14 line 6).

Examiner notes that having the condition being the trade taking place is equivalent to the trade being available at that time, similar to a limit order being filled.

The references as applied above do not expressly disclose in a third system, a second rate differential existing between the first system and the third system, the second rate differential resulting in a second hedging cost between the first system and the third system for the contract. However, it is old and well known in the art to trade between multiple systems.

Official Notice is taken that it would have been to one of ordinary skill in the art at the time of invention to have modified the invention above with said feature(s). One skilled in the art would have been motivated to make the modification for the benefit of increasing potential profit.

Regarding claim 13:

Art Unit: 4172

Official Notice is taken that it would have been obvious to one of ordinary skill in the art at the time of invention to have modified the invention to include wherein the hedging cost is for at least one hedging instrument previously utilized in a prior transaction, thereby recycling the hedging cost. One skilled in the art would have been motivated to make the modification for the benefit of maximizing profit and loss.

Regarding claim 21:

Official Notice is taken that it would have been obvious to one of ordinary skill in the art at the time of invention to have modified the invention to include the plurality of systems corresponds to a plurality of credit ratings and wherein the rate differential corresponds to different credit costs. It would have been obvious to use the known technique to improve similar methods in the same way. One skilled in the art would have been motivated to make the modification for the benefit of increasing profit.

Regarding claim 24:

Official Notice is taken that it would have been obvious to one of ordinary skill in the art at the time of invention to have modified the invention to include wherein the matching trade determining, profitability determining, and trade performing steps are performed using a computer system. One skilled in the art would have been motivated to make the modification for the benefit of efficiency.

Regarding claim 39:

The claim is drawn to a computer-readable medium containing a program for performing the method of claim 21. Therefore the claim is rejected for the same reasons as noted above (see rejection of claim 21).

7. Claims 10, 28, 29 rejected under 35 U.S.C. 103(a) as being unpatentable over Laborde in view of Applicant admission of prior art.

Art Unit: 4172

Regarding claim 10:

Laborde does not expressly teach wherein the trade is an offer to sell a quantity of the contract and the matching trade is a bid to buy the contract. Applicant admission of prior art teaches buyers and sellers could be short or long (see Page 2). One skilled in the art would have been motivated to make the modification for the benefit of increased profit.

Regarding claim 28:

Applicant admission of prior art teaches converting a plurality of bets from a bet-odds format to the plurality of contracts (see Page 2). It would have been obvious to one of ordinary skill in the art at the time of invention to have modified the invention above with said feature(s). One skilled in the art would have been motivated to make the modification for the benefit of convenience.

Regarding claim 29:

Applicant admission of prior art teaches converting the plurality of contracts to a bet-odds format (see Page 2). It would have been obvious to one of ordinary skill in the art at the time of invention to have modified the invention above with said feature(s). One skilled in the art would have been motivated to make the modification for the benefit of convenience.

8. Claims 20 and 38 rejected under 35 U.S.C. 103(a) as being unpatentable over Laborde in view of Gerhard (US Patent No. 6,952,683).

Regarding claim 20:

Gerhard teaches wherein the plurality of systems corresponds to a plurality of currencies and wherein the rate differential is an exchange rate. It would have been obvious to one of ordinary skill in the art at the time of invention to have modified the invention above with said feature(s). One skilled in the art would have been motivated to make the modification because there is potential profit in trading in foreign markets.

Art Unit: 4172

Regarding claim 38:

The claim is drawn to a computer-readable medium containing a program for performing the method of claim 20. Therefore the claim is rejected for the same reasons as noted above (see rejection of claim 20).

Conclusion

Any inquiry concerning this communication or earlier communications from the examiner should be directed to ERIC WONG whose telephone number is (571)270-3405. The examiner can normally be reached on Monday-Friday 7:30AM-5:00PM, alternating Fridays.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Tom Dixon can be reached on (571) 272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Naeem Haq/
Primary Examiner, Art Unit 4172

Eric Wong
Examiner
Art Unit 4172

Jan 08